

**WRITTEN TESTIMONY OF**



**JOHN DEMELL  
PRESIDENT  
FIRSTLINE TRANSPORTATION SECURITY, INC.**

**BEFORE THE**

**COMMITTEE ON GOVERNMENT REFORM  
U.S. HOUSE OF REPRESENTATIVES**

**REVIEW OF AIRLINE PASSENGER SCREENER  
TRAINING, TESTING, AND SUPERVISION**

**NOVEMBER 20, 2003**



Chairman Davis, Ranking Member Waxman, and Members of the Committee, thank you for the opportunity to assist the Committee's important review of the current airline passenger and baggage screening process.

## **Overview**

Since November 2002, FirstLine Transportation Security, Inc. ("FirstLine") and our nearly 700 professional employees have provided pre-departure passenger and baggage screening services for the Transportation Security Administration ("TSA") and the traveling public at Kansas City International Airport ("KCI"). On a recent site visit, then-TSA Administrator Adm. James Loy stated that the FirstLine-TSA KCI screening partnership is going "very, very well."

FirstLine is a subsidiary of SMS Holdings, a privately-owned company with a fifteen year history of providing security, aviation, and facility maintenance services across the nation. In April 2002, through a bankruptcy purchase, SMS acquired the management team and certain assets (excluding pre-board screening contracts) of International Total Services, Inc. ("ITS"), a company that for over twenty years had provided passenger screening and airline services across the U.S.

The SMS family of companies also includes Valor Security Services, with employees protecting over 160 enclosed shopping malls in 32 states; Service Management Systems, a leading provider of facility services management to multi-use facilities in 32 states; and PrimeFlight Aviation Services, whose 4,000 employees provide airside and landside services in 60 airports nationwide.

Under the Aviation and Transportation Security Act ("Act"), the TSA assumed responsibility for pre-board screening of passengers and luggage at all U.S. airports. In addition, as required by Congress, the TSA implemented a pilot program using private contract screeners in lieu of federal screeners at five commercial airports (Kansas City, MO; San Francisco, CA; Rochester, NY; Tupelo, MS; and Jackson Hole, WY) to determine the feasibility of using private screening companies in concert with federal oversight. The five selected airports represent a facility in each airport category.

Under the pilot program, which has come to be known as the "PP5 program," private screening contractors must meet the same overall hiring, training, and security requirements as those locations employing federal screeners. The employees of the PP5 contractors receive training from the TSA and work closely with the TSA site managers to ensure that security measures are consistent with the TSA's procedures. In addition, private screeners receive enhanced professional training from the private entities, such as FirstLine.

Now entering its second year, the TSA's PP5 program ideally will provide valuable data and insight to Congress, the TSA, and airport operators on the feasibility and complementary effectiveness of using private screening firms under federal government oversight and strict adherence to the federal airport security guidelines.



Today, FirstLine is very pleased to provide the Committee with our perspective on the shift from the pre-9/11 screening model, our experience as one of the PP5 private sector contractors, and our observations on key opportunities that, if implemented in the PP5 program, would continue to strengthen airline passenger and baggage screening in the months ahead.

To maximize the benefits of the pilot program:

- Private screening contractors and the TSA must form a seamless, cooperative, and mission-sensitive partnership.
- The TSA must continue to provide supervision and accountability for overall safety standards and hiring practices, which require high caliber airport screeners paid at federally determined minimum compensation levels.
- However, while working within these parameters, private screening contractors at the pilot sites must not be required to identically mirror every procedure used at airport locations employing federal screeners, simply for the sake of "sameness."
- Rather, as Congress intended, the pilot project should truly serve as a test of the private sector airport security screening concept by giving private screening contractors sufficient flexibility to implement private sector innovations and creativity, which could lead to higher passenger security at the most efficient cost to the taxpayer.

### **The Pre-9/11 World**

The deeply tragic events of September 11, 2001, forever changed passenger screening operations. To better understand how far we have come during the past two years, it is essential to recall how the pre-9/11 screening process worked and the safety disincentives that were created by a least-cost contracting dynamic.

Under the old system, private screening companies aggressively competed to secure contract awards from each airline carrier. Security was treated just like any other airline contractor commodity, with the winning bid usually being the lowest price. Since most of the security screening costs reside in labor expenses, these low-bid awards yielded a minimum wage work environment and atmosphere.

In addition, the selection of equipment used at checkpoints reflected budgetary caution rather than safety concerns. Passenger throughput needs often overrode sound safety decisions. Complicated by the airlines' financial responsibility, the government failed to sufficiently oversee checkpoint passenger screening, and the Federal Aviation Administration's ("FAA") training program lacked content and breadth. In short, the cross-purposes and financial incentives clearly tilted toward making checkpoint passenger screening just another line item to be constantly squeezed in an already financially-challenged industry.



As airline contractors in the pre-9/11 world, private screening companies assumed a broad array of responsibilities. These included worker recruitment, background checks, drug testing, and hiring; maintenance of all personnel files; and initial classroom, on-the-job, and recurrent training. Screening companies were contractually responsible to the airlines for any performance failures, which could include failing an FAA test or any other performance failure resulting in a breach of protocol, policy, or procedure. Failure to meet guideline standards in any area of responsibility could result in significant fines.

Of course, all of this changed after 9/11 with passage of the Act. While under contract to the government and during the interim twelve month period before complete federalization of airport screening, members of the current FirstLine management team were responsible for the operation of and ultimate transition to the TSA of checkpoint security screening at over 100 airports with over 12,000 screeners.

### **The Shift to the PP5 Program: FirstLine's Early Experience**

On October 8, 2002, the TSA awarded FirstLine a PP5 program contract that initially called for 511 full-time employees to provide passenger screening at KCI. We were later informed that the original RFP failed to specify the personnel needs related to checked baggage screening. The new (continually adjusted) number grew to over 700 (presently, the employee counts has been "right sized" to 687).

In order to meet our personnel requirements, we recruited over 5,000 potential applicants through various recruitment methods. These included print and radio announcements (including placements with minority-oriented publications and stations), as well as the efforts of a professional recruitment firm, Job Plex. From this applicant pool, 3,494 candidates successfully completed our corporate pre-screen process, meaning that we might consider each individual for employment provided he or she successfully completed TSA's assessment and qualification process.

After our pre-screen, each candidate was referred to the TSA's "Quick Screen" application process conducted under contract by NCS Pearson. Of the original 3,494 candidates, 2,337 cleared the Quick Screen process and began "Phase I" of the TSA assessment process. Following Phase I assessment, this pool shrunk to 1,318 individuals who qualified for "Phase II" assessment.

At the end of this NCS Pearson process, 1,021 applicants were eligible for referral to TSA training conducted under contract by Lockheed Martin. From this assessment-qualified pool, we selected 647 of the original 5,000 applicants to be referred to Lockheed Martin for training. Only 582 of these candidates completed all required training and, accordingly, became eligible to be hired for screening positions.

It is important to note that, at no time did TSA, NCS Pearson, or Lockheed Martin permit PP5 contractor access to either the assessment or training process. To this day we do not know why certain individuals cleared or did not clear the assessment or training



procedures. We were specifically prohibited from shaping or gaining any insight into the parameters under which our soon-to-be employees had been qualified.

On November 19, 2002, just over a month after the contract award and only several days before the Thanksgiving holiday traffic, FirstLine assumed control for meeting the staffing requirements for checkpoint screening at KCI. In addition, despite the unexpected post-contract change in staffing requirements to accommodate checked baggage screening, I am also proud that our personnel fully met this additional mandate of December 31, 2002.

### **The Assessment and Training Process**

The initial assessment and training process failed to produce the required number of qualified applicants. Recall that the number of required screeners had increased beyond the original 511 requested due to the baggage screening requirement added to the contract after the award date. However, once NCS Pearson, the TSA's assessment contractor, met the initial head count and/or time frame demands of its contract with TSA, it simply closed up shop and moved on to another location.

From the outset, because of this system breakdown, we never had the "required" number of trained screeners to meet the initial head count demand. Of equal importance, there existed no "ready pool" of applicants available to satisfy both anticipated and unanticipated employee attrition.

TSA's failure to provide ongoing or as-needed assessment and training, coupled with a mandated cross-training requirement that effectively took 50 screeners per week off the lines in advance of the busy summer travel season, resulted in an inability for FirstLine to replenish our screener ranks to meet the demand. On May 23, 2003, the Federal Security Director elected to bring in the Mobile Screening Force, a group of federal screening employees gleaned from excess staffing at several airports, to assist in filling the gap.

However, we were not permitted to do anything about this key staffing problem. Eight months lapsed -- from November 2002 to July 2003 -- during which time TSA's contractors did not make a repeat assessment and training process available to FirstLine. The inability to fill vacancies because of assessment and training process decisions severely frustrated our operations. Not until this past summer did we have the ability to recruit an additional pool of 1,763 applicants, of which 183 were certified, hired, and scheduled on the checkpoints, allowing for the Mobile Screening Force to be relieved of its responsibilities on July 29, 2003.

In short, FirstLine's ability to meet our obligations with the TSA at full staffing levels could not be realized because the assessment and training contractors were limited -- by their own contractual arrangements -- to the number of individuals that could be assessed and/or trained. Unfortunately, this continues to be an unresolved hurdle.

## **FirstLine's KCI PP5 Responsibilities and Challenges**

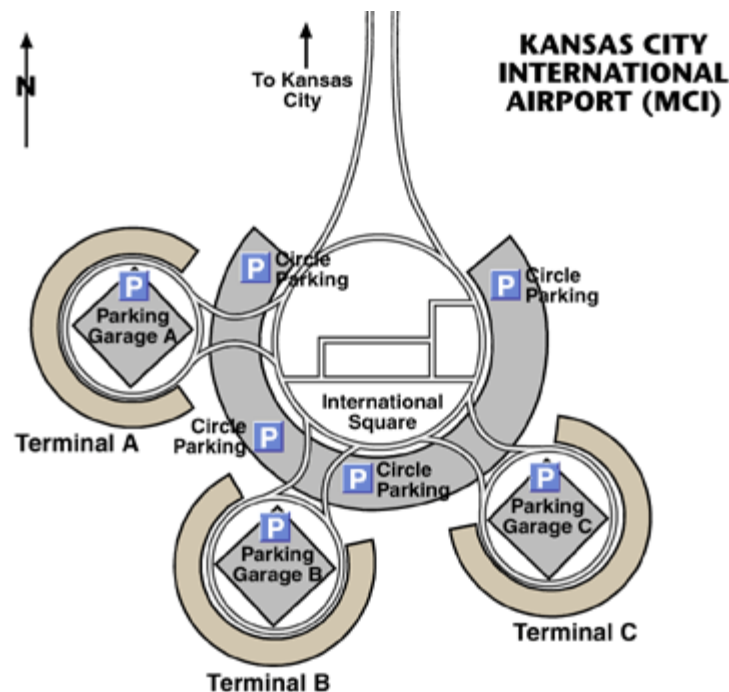
While it is difficult to overstate the impact that the assessment and training processes have had on our first year as a PP5 contractor, it is far easier to articulate FirstLine's responsibilities in relation to our TSA client and KCI's Federal Security Director.

Specifically, FirstLine is responsible for managing the screener workforce with respect to all human resource-related functions. This includes establishing pay and compensation schedules at or above the federal screener level; performing payroll-related activities; rewarding and disciplining for performance; hiring and firing; orchestrating shift bids; and scheduling (in concert with the TSA).

In addition, FirstLine is responsible for all other areas not directly related to security-related policy, procedure or process -- which fall entirely within the domain of the Federal Security Director and the TSA. We have neither input into scheduling requirements, nor do we interface with the airlines.

We are particularly proud of the work that our employees perform at KCI given the very unique facility issues presented by the airport's layout. For those of you who have not traveled to or through KCI, the airport is arranged in three horseshoe-shaped terminals, with the distance between a jetbridge entrance and the airport exterior entrance only a matter of a few dozen feet. It is possible to deplane and be outside meeting your ride within minutes.

This configuration requires 12 screening checkpoints and 9 baggage screening stations, exacerbating the need for balancing our workforce between checkpoints and baggage screening stations. In comparison, Hartsfield International Airport in Atlanta has 4 screening checkpoints.







Moreover, once a passenger clears security, another unique aspect of the airport layout that increases our employee's workload is the fact that access to restroom facilities, food and refreshments, and many other creature comfort or needs reside outside the secure area. Given passenger ingress and egress from the secure area, this creates the need to "double screen" many passengers.

Finally, to throw just one additional variable into the mix of our PP5 experience, KCI is presently undergoing a major remodeling. The work plan and construction progress result in both temporary and permanent gate relocations, which continuously require the reassignment of our screeners.

In the end, the TSA is our client, and despite the process and facility challenges that have been thrust upon FirstLine, our constant goal has been to ensure that our job is accomplished to the exacting standards required of every checkpoint and baggage screening operation around the Nation.

We welcome the open dialogue and close working relationship that we have been able to develop with Richard Curasi, KCI's Federal Security Director, to ensure that the security responsibilities for KCI are collaboratively met. Director Curasi's central focus on our shared security mission, and his personal efforts to foster a true partnership environment between his TSA and our FirstLine teams at KCI, are critical to the success of this evolving public-private screening model.

### **The Window of Opportunity**

As FirstLine concludes the first year of our public-private partnership, and despite all of the challenges that we have faced as part of this TSA learning experiment, we are proud to be a key part of a passenger security that is no longer treated as an airline-driven commodity. This fact alone significantly enhances the mission at hand.

FirstLine fully supports TSA oversight and control of the safety and security of our Nation's airports. All private contractors must continue to be supervised and held accountable to high safety standards by the TSA. The inherent potential conflict between costs and safety that existed in the pre-9/11 model is now eliminated.

In our role as a PP5 program contractor, we continue to believe that our ability to bring private sector human services management enhances and improves the screening product that our employees deliver at KCI everyday. These factors include:

- Pay scales that can be determined by FirstLine, in excess of the government proscribed rates if market conditions require or warrant.
- Enhanced employee training to include customer service as well as security-related training.



- Rewards for exceptional performance and attendance.
- Employee involvement through our Employee Advisory Committee.
- An ability to discipline or offer corrective guidance in a timely manner.
- Management responsiveness to employee concerns in real time.
- Flexibility to tailor the structure of our effort to the unique demands of a facility's environment, such as those that exist at KCI.
- The overall ability to remove the ever increasing burden of day-to-day workforce management, allowing the federal government to focus on security, safety, and technology priorities.

At the same time, the PP5 program's final year offers Congress, the TSA, and airport operators the ability to more proactively evaluate the role of private screening contractors. Specific adjustments that FirstLine recommends for immediate incorporation into the PP5 test pilot, and that would in no way compromise the high security standards that must be uniformly maintained, include:

- Increased local decision making ability -- both at the FSD and contractor level -- regarding items such as local control and implementation of assessment and training, both of which are critical to maintaining staff levels and to controlling overtime.
- Local TSA and/or contractor ability to respond to passenger traffic requirements.
- Adoption of a process for peer-to-peer discussion of security challenges between the TSA and the contractor partners.
- Flexibility for the TSA and PP5 contractor to initiate test initiatives at the local level.
- Objective performance metrics regarding PP5 performance evaluation standards that are communicated by TSA to PP5 contractors in advance.
- Development of objective benchmarks for comparing the PP5 approach in meeting required mission standards to the overall federal screening program.
- Funding support for software management tools that enable maximum workforce utilization, as well as maintenance of employee performance and training records.





- A broader commitment to the public-private partnership in order to inculcate best practices and enhance cost efficiency without compromising the mission at hand. Contractors should be allowed to more appropriately leverage private sector strengths while government regulates and enforces safety standards and quality.

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Mr. Chairman, our PP5 experience has convinced us that the private sector has much to offer TSA in our post-9/11 model and approach to passenger and baggage screening. With appropriate modifications to the PP5 program, these contributions could be even more easily identified and measured in the coming year.

On behalf of FirstLine and our employees, we are committed to ensuring that the second year of the PP5, and our work for the traveling public at KCI, continues to enhance the security of our airline passenger system. FirstLine is available to provide any additional information the Committee may request.



**John DeMell**  
**President**  
**FirstLine Transportation Security, Inc.**

John DeMell serves as President of FirstLine Transportation Security, Inc., a privately held company that provides pre-departure passenger and baggage screening for the Transportation Security Administration at Kansas City International Airport. Kansas City is one of five airports selected for TSA's pilot program to test private initiatives.

In May 2000, Mr. DeMell joined International Total Services, Inc. as Senior Vice President of Aviation. Mr. DeMell worked closely with first the FAA and later the TSA to transition the screening operations at over 100 airports during the interim twelve month period prior to federalization of the Nation's screening workforce.

Previously, from 1989 to April 2000, Mr. DeMell served as Vice President of Regional Operations and an officer of Lexford Residential Trust. From 1983 to 1987, he was a regional manager with Fabri-Centers of America.

Mr. DeMell is a veteran of the U.S. Army, having served in southeast Asia during the Vietnam war.

**FirstLine Transportation Security, Inc.**  
**Truth in Testimony Rule Disclosure**

Contracting Authority: U.S. DHS, Transportation Security Administration  
Contract Number: DTSA20-03-C-00561  
Contract Date: 10/10/2002  
Contract Amounts:

Year 1 \$31,049,219 (includes significant start up costs)  
Option Year \$27,892,963

Notice of DHS exercise of Option Year received 11/18/03, extending performance through 11/18/04.